

Message Text

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ACTION PM-05

INFO OCT-01 NEA-10 ISO-00 CIAE-00 INR-07 NSAE-00 SS-15
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FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC PRIORITY 6496
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C O N F I D E N T I A L TEHRAN 0673

E.O. 11652: GDS
TAGS: MASS, IR
SUBJ: SIGNIFICANT COMBAT EQUIPMENT SALES STIMULATION
ACTIVITY IN IRAN

1. DURING GOULD INC. GOVERNMENT SYSTEMS GROUP VICE
PRESIDENT OLIVERSON CALL ON POL-MIL COUNS JANUARY 17
TO DISCUSS ANOTHER MATTER, OLIVERSON MENTIONED THAT
GOULD MANUFACTURES THE MK-48 TORPEDO AND IS INTERESTED
IN SELLING IT TO IRAN. GOULD VP SAID HE UNDERSTOOD
QUESTION HAD BEEN RAISED BY IRANIAN NAVY CINC WITH
SECNAV CLAYTOR AND CNO HOLLOWAY IN RECENT MONTHS. GOULD
ALSO UNDERSTOOD THAT MK-48 RELEASE TO IRAN MOST UNLIKELY.
OLIVERSON MENTIONED THIS IMPRESSION GLEANED FROM
DISCUSSION WITH VICE CINC USN, AND HEAD OF OPS 63,
AMONG OTHERS.

2. OLIVERSON SAID IN SPITE OF THIS GOULD WAS INTERESTED
IN HAVING THE ISSUE JOINED, AND BELIEVED IT WOULD BE
USEFUL IF IRANIANS WOULD PRESS THEIR INTEREST IN ORDER
TO BRING THINGS TO A HEAD. POL-MIL COUNS SAID
THAT SALES STIMULATION, AT LEAST BY US OFFICIALS,
WAS CLEARLY PROHIBITED UNDER THE PRESIDENT'S NEW
RESTRAINT POLICY AND IMPLEMENTING GUIDELINES
THEREFOR, AND THAT FOR FIRMS TO ENGAGE EVEN IN
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PROMOTIONAL ACTIVITY REQUIRED A MUNITIONS CONTROL
LICENSE. OLIVERSON SAID GOULD UNDERSTOOD ALL OF
THAT, AND INTENDED SCRUPULOUSLY TO ADHERE TO ANY
REQUIREMENTS. POL-MIL COUNS SAID EVEN IF GOULD
FELT IT HAD MET ALL REQUIREMENTS HE HAD BEEN ADVISING
ALL COMPANY REPRESENTATIVES TO CHECK WITH MUNITIONS
CONTROL, AT LEAST INFORMALLY, ON ALL POST-SEPTEMBER

1, 1977, ACTIVITY THAT ANY FIRM CONTEMPLATED. WITH THAT DONE, AND MUNITIONS CONTROL SATISFIED THAT A FIRM HAD DONE ALL THAT IS REQUIRED, THERE WOULD BE NO BASIS FOR A CRITIC TO THWART A SALE THAT THE EXECUTIVE BRANCK HAD APPROVED BECUASE REQUIREMENTS OF FORM HAD NOT BEEN MET; THE QUESTION WOULD BE CONSIDERED ON ITS SUBSTANTIVE MERITS BY THE CONGRESS.

3. OLIVERSON SAID GOULD HAD CHECKED WITH MUNITIONS CONTROL AND BEEN TOLD THAT THE CONTEMPLATED ACTIVITY (THAT IS, STIMULATION OF INTEREST WITHOUT PROVISION OF TECHNICAL DATA) REQUIRED NO FURTHER APPROVAL.

4. OLIVERSON WENT ON TO SAY THAT GOULD MIGHT WELL CHECK WITH THE US NAVY PRIOR TO ANY ACTION IN IRAN TO FIND OUT IF ANY NAVY WOULD SUPPORT A SALE SHOULD THE GOI WISH TO EFFECT ONE. SPEAKING FRANKLY, OLIVERSON CONTINUED, ONE REASON GOULD HAD NOT YET DONE SO IS BECAUSE THE COMPANY WAS AFRAID IT WOULD NOT RECEIVE THE ANSWER IT WISHED--THAT IS, GOULD WOULD BE TOLD THAT THE USG WOULD NOT APPROVE A SALE OF THE MK-48 TO IRAN.

5. WE BELIEVE GOULD SHOULD BE TOLD BEFORE UNDERTAKING ANY ADDITIONAL STIMULATION ACTIVITY THAT A MK-48 SALE TO IRAN IS NOT IN THE CARDS, UNLESS RELEASIBILITY SITUATION CONFIDENTIAL

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HAS CHANGED RECENTLY AND WE ARE NOT AWARE SUCH IS THE CASE. (IIN CINC HABIOLLAAHI ACKNOWLEDGED IN NOVEMBER 2, 1977 LETTER TO CNO HOLLOWAY THAT LATTER HAD ADVISED HIM "MK-48 IS NOT CURRENTLY AVAILABLE FOR SALE TO IRAN.") IT WOULD SAVE US HAVING TO TURN OFF THE IRANIANS AGAIN; IT WOULD BE FURTHER EVIDENCE THAT THE PRESIDENT'S RESTRAINT POLICY DOES HAVE BITE; AND IT WOULD CERTAINLY SEEM MORE PRECISELY TO MEET WHAT WE UNDERSTAND TO BE INTENT OF CONGRESS.

6. PLEASE ADVISE.
SULLIVAN

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NNN

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